

White Cloud Area Fire Department
Newaygo County, Michigan
REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)
Year ended March 31, 2008

White Cloud Area Fire Department

List of Appointed Officials

Chairman:	Thomas Worden
Vice Chairman.....	Murray Stocking
Clerk:	Martha Worden
Treasurer:	Shirley Schmidt
Board Members:	Butch Duer
	Herm Becker
	Don Barnhard
	Jodey Burns
	Don Clary
	William Hamilton
	Frank Sauder
Fire Chief.....	Duane Cruzan
Bookkeeper	Sharon Noggle

White Cloud Area Fire Department

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INDEPENDENT AUDITOR'S REPORT

July 31, 2008

Fire Department Board
White Cloud Area Fire Department
White Cloud, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the White Cloud Area Fire Department, as of and for the year ended March 31, 2008, which collectively comprise the Fire Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the White Cloud Area Fire Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the White Cloud Area Fire Department, as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3-6 and 18-19, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements what collectively comprise the White Cloud Area Fire Department's basic financial statements. The combining and individual nonmajor fund financial statements on pages 20-21 are presented for additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lake Michigan CPA Services, LLC
Ludington, Michigan

White Cloud Area Fire Department

Management's Discussion and Analysis

For the Year Ended March 31, 2008

The Management's Discussion and Analysis report of the White Cloud Area Fire Department covers the Department's financial performance during the year ended March 31, 2008.

Financial Highlights

Our financial status remained stable over the last year. The General Fund reflected revenues in excess of expenditures of \$6,096, and net transfers out totaled \$36,582.

At year-end, the Fire Department had \$111,042 in the Capital Acquisition Fund. We had no liabilities in this fund.

The Fire Department has a Budget Stabilization Fund of \$7,000. The Department also has a Building Fund of \$18,464, which has been funded by fundraisers and private donations. No governmental money has been deposited in this fund.

Net capital assets at March 31, 2008 totaled \$430,759, compared to \$457,473 the prior year. The net decrease in capital assets was due mainly to depreciation of \$33,714.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the Department's basic financial statements. The basic financial statements include 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Department also includes in this report additional information to supplement the basic financial statements.

Fund Financial Statements.

The first four columns of the financial statements include information about the Department's General Fund, one major fund, other governmental funds, and a total of these governmental funds under the modified accrual method of accounting. The fund financial statements focus on current resources and provide a detailed view of the Department's sources and uses of funds. Major funds are reported in separate columns while all others are combined into an aggregated presentation. The White Cloud Area Fire Department has six governmental funds, of which two are considered to be major funds. The General Fund and the Capital Acquisition Fund were determined to be major funds for the year ended March 31, 2008.

Adjustments

The Adjustments columns of the financial statements represent necessary adjustments to convert the modified accrual statements to a government-wide presentation under the full accrual method of accounting.

Government-Wide Financial Statements

The last column of the financial statements presents the government-wide financial statements. This column is designed to give a view of the entity as a whole and provide both long-term and short-term information about the Department's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities and charges.

White Cloud Area Fire Department

Management's Discussion and Analysis For the Year Ended March 31, 2008

Statement of Net Assets

The Statement of Net Assets is the Department-wide statement of financial position presenting information that includes all of the Department's assets and liabilities, with the difference reported as net assets. Over time, changes in net assets may serve as a useful indicator of the financial health of the Department and whether the financial condition is improving or deteriorating.

The net assets are divided into three types, including Invested in Capital Assets, Restricted Net Assets, and Unrestricted Net Assets. The net assets reported as invested in capital assets are used to provide services to the residents within the Fire District boundaries, and they are not available to pay salaries, operational expenses or fund capital projects. Net assets invested in capital assets, of which there is no related debt, totaled \$430,759 at March 31, 2008 and \$457,473 at March 31, 2007. The unrestricted net assets depicted a fund balance of \$143,179 at the end of the 2008 fiscal year. This represents the amount of discretionary resources that can be used for general fire department operations. There were no restricted net assets at March 31, 2008. Total net assets at March 31, 2008 were \$573,938. At March 31, 2007, net assets were \$593,972. A summary of the Department's net assets is provided below.

Summary of Net Assets

	March 31, 2008	March 31, 2007
ASSETS		
Cash and cash equivalents	\$ 212,758	\$ 136,499
Capital assets, net		
Depreciable	430,759	457,473
Total assets	<u>\$ 643,517</u>	<u>\$ 593,972</u>
LIABILITIES		
Deferred revenue	\$ 69,579	\$ -
NET ASSETS		
Invested in capital assets	\$ 430,759	\$ 457,473
Restricted for capital projects	-	69,691
Unrestricted	143,179	66,808
Total net assets	<u>573,938</u>	<u>593,972</u>
Total liabilities and net assets	<u>\$ 643,517</u>	<u>\$ 593,972</u>

White Cloud Area Fire Department

Management's Discussion and Analysis

For the Year Ended March 31, 2008

Statement of Activities

The Statement of Activities reports how the Department's net assets changed during the current fiscal year. All current year revenues and expenses are included when the event giving rise to the change occurs, regardless of the timing of when cash is received or paid. The largest source of revenue for the Department is contributions from other local governmental units. During fiscal year 2008, these contributions were \$175,215, or 90% of revenues. This is comparable to the 2007 fiscal year, which reflected contributions from local units of \$166,880, or 88% of total revenues. The largest expenses were for repairs and maintenance of \$84,745, salaries and wages of \$43,548, insurance and bonds of \$20,720 and depreciation of \$33,714. A summary of the statement of activities follows:

Summary of the Statement of Net Assets

	March 31, 2008	March 31, 2007
REVENUES		
Contribution from local governments	\$ 175,215	\$ 166,880
Charges for services	-	500
Fundraising activities	4,709	14,195
Investment earnings	5,812	1,385
Other contributions	1,360	1,275
Miscellaneous	7,068	6,842
Total revenues	194,164	191,077
EXPENDITURES		
Salaries and wages	43,548	39,194
Fringe benefits	4,316	3,434
Office expense	1,153	1,764
Professional services	1,660	1,200
Insurance and bonds	20,720	19,363
Utilities	8,493	8,290
Fundraising expense	3,453	9,777
Operating supplies	2,899	3,038
Transportation	6,102	5,127
Firefighter gear and equipment	918	22,063
Repairs and maintenance	84,745	23,223
Training	1,035	380
Miscellaneous	1,442	2,147
Depreciation	33,714	33,066
Total expenditures	214,198	172,066
Change in net assets	(20,034)	19,011
Net assets at April 1, 2007 and 2006	593,972	574,961
Net assets at March 31, 2008 and 2007	\$ 573,938	\$ 593,972

White Cloud Area Fire Department

Management's Discussion and Analysis
For the Year Ended March 31, 2008

Modified Accrual Financial Statements

The Department utilizes six separate funds to account for different functions within the Fire Department. The General Fund is the primary operating fund, which accounts for the firefighter's wages and fringes, payment of insurance and bonds, office expense, firefighters gear, equipment purchases, maintenance, and other general functions. The operation of the Fire Department is funded by an amount equal to 1.5 mills from the City of White Cloud, the townships of Everett, Lincoln, and Wilcox, and that portion of Sherman Township within the Fire District. The most significant asset of the General Fund at March 31, 2008 was cash of \$69,579. The General Fund's liabilities included deferred revenue of \$69,579, which was due to cash received before the end of the 2008 fiscal year which is to be used to fund the next fiscal year's activities. At the end of the 2008 fiscal year, the General Fund's fund balance was \$0, which was due to a year-end transfer out to the Capital Acquisition Fund.

The Capital Acquisition Fund is used to account for the purchase of capital assets for the Department. At year end, the Department had assets and fund balance of \$111,042 in this fund, with no liabilities. This compares to \$69,691 at March 31, 2007. The increase in fund balance was due mainly to a transfer from the General Fund of \$50,670, offset by a transfer back to the General Fund of \$13,975.

Budget Highlights

The adopted General Fund budget for March 31, 2008 fiscal year showed planned revenue of \$182,010, expenditures of \$162,360, \$350 of transfers in and \$20,000 of transfers out. Throughout the year, the Department amended the repairs and maintenance budget from \$45,100 to \$59,825, the miscellaneous expenses from \$4,000 to \$4,500, and the contingency budget from \$6,760 to \$5,160. Transfers in were amended from \$350 to \$13,975. In total, the revenue budget remained unchanged, expenditures increased from \$162,360 to \$175,985, transfers in were amended up to \$13,975, and transfers out remained unchanged.

The adopted Capital Acquisition Fund budget is also included at the end of this report. There were no budget amendments or budget violations in either of these funds during the 2008 fiscal year.

General Economic Overview

The White Cloud Area Fire Department plans to maintain its financial stability over the course of the next fiscal year. The main source of revenue for the Department is contributions from other local units of government, which are expected to remain at about the same level of what was experienced in the current fiscal year. Expenditures are also planned to remain consistent with the 2008 fiscal year.

Requests for Information

If you have any questions concerning this report please contact the Fire Department Treasurer at PO Box 911, White Cloud, MI 49349

White Cloud Area Fire Department

Balance Sheet/Statement of Net Assets

March 31, 2008

ASSETS

	Balance Sheet - Modified accrual					Statement of
	General	Capital	Other			Net Assets -
	Fund	Acquisition	Governmental	Total	Adjustments	Full
		Fund	Funds			Accrual
Cash and cash equivalents	\$ 69,579	\$ 111,042	\$ 32,137	\$ 212,758	\$ -	\$ 212,758
Capital assets, net						
Non-depreciable	-	-	-	-	2,000	2,000
Depreciable	-	-	-	-	428,759	428,759
Total assets	<u>\$ 69,579</u>	<u>\$ 111,042</u>	<u>\$ 32,137</u>	<u>\$ 212,758</u>	<u>430,759</u>	<u>\$ 643,517</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Deferred revenue	\$ 69,579	\$ -	\$ -	\$ 69,579	\$ -	\$ 69,579
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FUND BALANCES

Unreserved						
Designated for:						
Building and equipment						
repair and replacement	-	111,042	18,464	129,506	(129,506)	-
Undesignated	<u>-</u>	<u>-</u>	<u>13,673</u>	<u>13,673</u>	<u>(13,673)</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>111,042</u>	<u>32,137</u>	<u>143,179</u>	<u>(143,179)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 69,579</u>	<u>\$ 111,042</u>	<u>\$ 32,137</u>	<u>\$ 212,758</u>	<u>(143,179)</u>	<u>69,579</u>

NET ASSETS

Invested in capital assets					430,759	430,759
Unrestricted					143,179	143,179
					<u>\$ 573,938</u>	<u>\$ 573,938</u>

The accompanying notes are an integral part of this statement.

White Cloud Area Fire Department

Reconciliation of the Balance Sheet of the governmental funds to the Statement of Net Assets March 31, 2008

Total fund balance—governmental funds	\$	143,179
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Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the
governmental funds.

Cost of capital assets	778,320	
Accumulated depreciation	<u>(347,561)</u>	430,759

Net assets of governmental activities in the Statement of Net Assets	\$	<u><u>573,938</u></u>
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The accompanying notes are an integral part of this statement.

White Cloud Area Fire Department

Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities
For the year ended March 31, 2008

	Revenues and Expenditures - Modified accrual					Statement of
	General	Capital	Other			Activities -
	Fund	Acquisition	Governmental	Total	Adjustments	Full
		Fund	Funds			Accrual
REVENUES						
Contribution from local governments						
City of White Cloud	\$ 24,016	\$ -	\$ -	\$ 24,016	\$ -	\$ 24,016
Everett Township	56,187	-	-	56,187	-	56,187
Lincoln Township	46,475	-	-	46,475	-	46,475
Sherman Township	17,182	-	-	17,182	-	17,182
Wilcox Township	31,355	-	-	31,355	-	31,355
Fundraising activities	-	-	4,709	4,709	-	4,709
Investment earnings	4,969	-	843	5,812	-	5,812
Other contributions	10	-	1,350	1,360	-	1,360
Miscellaneous	2,015	4,656	397	7,068	-	7,068
Total revenues	182,209	4,656	7,299	194,164	-	194,164
EXPENDITURES						
Salaries and wages	43,548	-	-	43,548	-	43,548
Fringe benefits	4,316	-	-	4,316	-	4,316
Office expense	1,153	-	-	1,153	-	1,153
Professional services	1,660	-	-	1,660	-	1,660
Insurance and bonds	20,720	-	-	20,720	-	20,720
Utilities	8,493	-	-	8,493	-	8,493
Fundraising expense	-	-	3,453	3,453	-	3,453
Operating supplies	2,899	-	-	2,899	-	2,899
Transportation	6,102	-	-	6,102	-	6,102
Firefighter gear and equipment	-	-	918	918	-	918
Repairs and maintenance	84,745	-	-	84,745	-	84,745
Training	1,035	-	-	1,035	-	1,035
Miscellaneous	1,442	-	-	1,442	-	1,442
Capital outlay	-	-	7,000	7,000	(7,000)	-
Depreciation	-	-	-	-	33,714	33,714
Total expenditures	176,113	-	11,371	187,484	26,714	214,198
Excess of revenues over expenditures	6,096	4,656	(4,072)	6,680	(26,714)	(20,034)
OTHER FINANCING SOURCES (USES)						
Transfer in	14,088	50,670	-	64,758	(64,758)	-
Transfer out	(50,670)	(13,975)	(113)	(64,758)	64,758	-
	(36,582)	36,695	(113)	-	-	-
Net change in fund balances/net assets	(30,486)	41,351	(4,185)	6,680	(26,714)	(20,034)
Fund balances/net assets at April 1, 2007	30,486	69,691	36,322	136,499	457,473	593,972
Fund balances/net assets at March 31, 2008	\$ -	\$ 111,042	\$ 32,137	\$ 143,179	\$ 430,759	\$ 573,938

The accompanying notes are an integral part of this statement.

White Cloud Area Fire Department

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the governmental funds to the Statement of Activities

For the year ended March 31, 2008

Net changes in fund balances - total governmental funds	\$ 6,680
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(33,714)
Capital outlay	7,000

Change in net assets of governmental activities	\$ <u>(20,034)</u>
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The accompanying notes are an integral part of this statement.

White Cloud Area Fire Department

Notes to the Financial Statements

March 31, 2008

I. Summary of significant accounting policies

The accounting policies of the White Cloud Area Fire Department (Department) have been adopted to conform with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the White Cloud Area Fire Department.

A. Reporting entity

The White Cloud Area Fire Department, located in Newaygo County, was established pursuant to the provisions of Public Act 33 of 1951, the Michigan Fire Protection Act, to administer and serve participating fire districts within Newaygo County. The Department is funded by an amount equal to 1.5 mills from the townships of Everett, Lincoln, and Wilcox, the City of White Cloud, and the portion of Sherman Township within the Fire District. The Department operates under the direction of an eleven member board, with two representatives appointed by each participating governmental unit, plus one member at large. Under the criteria established by accounting principles generally accepted in the United States of America, the Department has determined that there are no component units which should be included in its reporting entity, as it does not have certain oversight responsibilities over other organizations.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. Financial statements are also provided for governmental funds, with major individual governmental funds reported as separate columns in the fund financial statements and nonmajor governmental funds combined. The Department has six governmental funds, two of which are considered major funds.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under

White Cloud Area Fire Department

Notes to the Financial Statements

March 31, 2008

accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Department are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The White Cloud Area Fire Department reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Acquisition Fund is used to account for the purchase of capital assets for the Department.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Department does not have business-type activities or enterprise funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as needed.

White Cloud Area Fire Department

Notes to the Financial Statements

March 31, 2008

D. Assets, liabilities and net assets or equity

1. Deposits and investments

The Department's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Department has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Department to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds. All investments are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

3. Capital assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major capital outlays for assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-20
Vehicles	10-20

White Cloud Area Fire Department

Notes to the Financial Statements

March 31, 2008

4. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

5. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The Fire Board treasurer prepares the budget and submits it to the Fire Board prior to February 1. The operating budget includes proposed expenditures and the means of financing them. The budget is approved by a simple majority of the Fire Board. The proposed budget is submitted to participating municipalities, who then appropriate the funds. Prior to the end of the fiscal year, the Fire Board enacts the budget through a resolution. The budget is amended throughout the year, when required to provide for additional revenues and expenditures.

B. Excess of expenditures over appropriations

For the year ended March 31, 2008, expenditures exceeded appropriations in the General Fund repairs and maintenance (the legal level of budgetary control) by \$24,920. These overexpenditures were funded by lower than anticipated expenditures in other line items.

White Cloud Area Fire Department

Notes to the Financial Statements

March 31, 2008

III. Detailed notes on all funds

A. Deposits and investments

Interest Rate Risk

The Department has a formal investment policy, but the policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The Department's investment policy does not further limit its investment options.

Concentration of Credit Risk

The Department Fire Board places no limit on the amount that the Department may invest in any one issuer.

Custodial Credit Risk – Deposits

Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the Department's deposits may not be returned to it. State law does not require, and the Department does not have, a deposit policy for custodial credit risk. As of March 31, 2008, \$200,000 of the Department's governmental funds' deposits was insured by federal depository insurance, and \$12,758 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Foreign currency risk

The Department is not authorized to invest in securities which have this type of risk.

White Cloud Area Fire Department

Notes to the Financial Statements

March 31, 2008

B. Capital assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Governmental activities				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 2,000	\$ -	\$ 2,000
Capital assets, being depreciated				
Equipment	171,094	5,000	-	176,094
Vehicles	631,502	-	31,276	600,226
Total capital assets, being depreciated	802,596	5,000	31,276	776,320
Less: accumulated depreciation	345,123	33,714	31,276	347,561
Net capital assets, being depreciated	457,473	(28,714)	-	428,759
Total capital assets, net	\$ 457,473	\$ (26,714)	\$ -	\$ 430,759

C. Interfund transfers

Interfund transfers during the 2008 fiscal year consisted of the following:

<u>Fund Transferring Out</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Fund	Capital Acquisition	\$50,670
Capital Acquisition	General Fund	13,975
Budget Stabilization	General Fund	113

The transfers from the General Fund were made to fund future asset replacements and maintenance.

D. Deferred revenue

Governmental funds report deferred revenue for resources that have been received, but not yet earned. As of March 31, 2008, the Township's deferred revenue was \$69,579, which represents contributions received from other governmental entities that support the following fiscal year.

White Cloud Area Fire Department

Notes to the Financial Statements

March 31, 2008

E. Other information

Risk management

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

Required supplementary information

White Cloud Area Fire Department

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended March 31, 2008

	Budgeted Amounts			Variance with final budget- positive (negative)
REVENUES	Original	Final	Actual	
Contribution from local governments				
City of White Cloud	\$ 28,712	\$ 28,712	\$ 24,016	\$ (4,696)
Everett Township	55,836	55,836	56,187	351
Lincoln Township	46,400	46,400	46,475	75
Sherman Township	17,182	17,182	17,182	-
Wilcox Township	31,580	31,580	31,355	(225)
Investment earnings	300	300	4,969	4,669
Other contributions	500	500	10	(490)
Miscellaneous	1,500	1,500	2,015	515
Total revenues	<u>182,010</u>	<u>182,010</u>	<u>182,209</u>	<u>199</u>
EXPENDITURES				
Salaries and wages	49,000	49,000	43,548	5,452
Fringe benefits	5,250	5,250	4,316	934
Office expense	2,250	2,250	1,153	1,097
Professional services	2,750	2,750	1,660	1,090
Insurance and bonds	22,000	22,000	20,720	1,280
Utilities	9,150	9,150	8,493	657
Operating supplies	6,200	6,200	2,899	3,301
Transportation	7,400	7,400	6,102	1,298
Repairs and maintenance	45,100	59,825	84,745	(24,920)
Training	500	500	1,035	(535)
Miscellaneous	4,000	4,500	1,442	3,058
Capital outlay	2,000	2,000	-	2,000
Contingency	6,760	5,160	-	5,160
Total expenditures	<u>162,360</u>	<u>175,985</u>	<u>176,113</u>	<u>(128)</u>
Excess of revenues over expenditures	<u>19,650</u>	<u>6,025</u>	<u>6,096</u>	<u>71</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	350	13,975	14,088	113
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(50,670)</u>	<u>(30,670)</u>
	<u>(19,650)</u>	<u>(6,025)</u>	<u>(36,582)</u>	<u>(30,557)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	(30,486)	\$ <u>(30,486)</u>
Fund balance at April 1, 2007			<u>30,486</u>	
Fund balance at March 31, 2008			\$ <u>-</u>	

White Cloud Area Fire Department

Capital Acquisition Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended March 31, 2008

	Budgeted Amounts			Variance with final budget- positive (negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous	\$ 3,000	\$ 3,000	\$ 4,656	\$ 1,656
Total revenues	3,000	3,000	4,656	1,656
OTHER FINANCING USES				
Transfers in	5,000	5,000	50,670	45,670
Transfers out	-	(13,975)	(13,975)	-
	5,000	(8,975)	36,695	45,670
Net change in fund balance	\$ <u>8,000</u>	\$ <u>(5,975)</u>	41,351	\$ <u>47,326</u>
Fund balance at April 1, 2007			<u>69,691</u>	
Fund balance at March 31, 2008			\$ <u>111,042</u>	

Other supplemental information

White Cloud Area Fire Department

Combining Balance Sheet

Other Governmental Funds

March 31, 2008

ASSETS

	Building Fund	Firemans Fund	Budget Stabilization	Auxiliary Fund	Total other governmental funds
ASSETS					
Cash and cash equivalents	\$ 18,464	\$ 5,899	\$ 7,000	\$ 774	\$ 32,137
Total assets	<u>\$ 18,464</u>	<u>\$ 5,899</u>	<u>\$ 7,000</u>	<u>\$ 774</u>	<u>\$ 32,137</u>

LIABILITIES AND FUND BALANCE

FUND BALANCES

Designated for:

Building and equipment repair and replacement	\$ 18,464	\$ -	\$ -	\$ -	\$ 18,464
Unreserved	<u>-</u>	<u>\$ 5,899</u>	<u>7,000</u>	<u>774</u>	<u>13,673</u>
Total fund balances	<u>\$ -</u>	<u>\$ 5,899</u>	<u>\$ 7,000</u>	<u>\$ 774</u>	<u>\$ 32,137</u>

White Cloud Area Fire Department

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Other Governmental Funds

For the year ended March 31, 2008

	Building Fund	Firemans Fund	Budget Stabilization	Auxiliary Fund	Total Other Governmental Funds
REVENUES					
Fundraising activities	\$ -	\$ 1,671	\$ -	\$ 3,038	\$ 4,709
Other contributions	-	1,350	-	-	1,350
Investment earnings	843	-	-	-	843
Miscellaneous	-	397	-	-	397
Total revenues	<u>843</u>	<u>3,418</u>	<u>-</u>	<u>3,038</u>	<u>7,299</u>
EXPENDITURES					
Fundraising expense	-	1,452	-	2,001	3,453
Firefighter gear and equipment	-	918	-	-	918
Capital outlay	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>7,000</u>
Total expenditures	<u>2,000</u>	<u>2,370</u>	<u>-</u>	<u>7,001</u>	<u>11,371</u>
Excess of revenues over expenditures	(1,157)	1,048	-	(3,963)	(4,072)
OTHER FINANCING USES					
Transfer out	<u>-</u>	<u>-</u>	<u>(113)</u>	<u>-</u>	<u>(113)</u>
Net change in fund balances	(1,157)	1,048	(113)	(3,963)	(4,185)
Fund balance at April 1, 2007	<u>19,621</u>	<u>4,851</u>	<u>7,113</u>	<u>4,737</u>	<u>36,322</u>
Fund balance at March 31, 2008	<u>\$ 18,464</u>	<u>\$ 5,899</u>	<u>\$ 7,000</u>	<u>\$ 774</u>	<u>\$ 32,137</u>



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July 31, 2008

Fire Department Board
White Cloud Area Fire Department
White Cloud, Michigan

I have audited the financial statements of the governmental activities of the White Cloud Area Fire Department for the year ended March 31, 2008, and have issued my report thereon dated July 31, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated May 25, 2008, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in my meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the White Cloud Area Fire Department are described in Note I to the financial statements. No new accounting policies have been adopted and the application of existing policies was not changed during the 2008 fiscal year. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be

significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated July 31, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To my knowledge, there are no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses are not a condition to my retention.

This information is intended solely for the use of the Fire Department Board and management of the White Cloud Area Fire Department and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Lake Michigan Fire Service, Inc.
Ludington, Michigan